

MBS INTERNATIONAL AIRPORT COMMISSION

February 20, 2014

MINUTES

The meeting was held in the Eugene F. Gwizdala Conference Room, 8500 Garfield Road, Freeland, Michigan 48623. Ernie Krygier, Chairman, called the meeting to order at 1:30 p.m. Roll was called by Debbie Meisel.

COMMISSIONERS

Present

Tom Adams
Kim Coonan
Tom Herek
Ernie Krygier
Tim Morales
Paula Tolliver
Paula Whittington

Absent & Excused

Greg Branch
Daniel Fitzpatrick

Staff

Jeff Nagel
Andre Borrello
Amy Lusk
Ryan Riesinger
Debbie Meisel

Other

Darin Everett, Avflight
Carl Muhs, Avflight

Guest

Mike Boyd, The Boyd Group

PLEDGE OF ALLEGIANCE

MINUTES: Mr. Coonan made a motion to approve the minutes of the Regular Commission Meeting held on December 19, 2013. Ms. Whittington seconded the motion. The motion was unanimously approved by the Board.

DECEMBER 2013 & JANUARY 2014 WARRANTS AND CASH & INVESTMENT

SUMMARIES: Mr. Adams made a motion to approve the Warrant Registers for the December Payroll Advice Numbers 002399-002453 and January Payroll Advice Numbers 002454-002508; the December Operations & Maintenance Check Numbers 043541-043605 and January Operations & Maintenance Check Numbers 043606-043677. Ms. Tolliver seconded the motion and the Board unanimously approved it. Mr. Adams made a motion to approve the December and January Cash and Investment Summary. Ms. Whittington seconded the motion and the Board unanimously approved it.

PUBLIC COMMENT: None

MIKE BOYD PRESENTATION: Mr. Nagel stated that Mike Boyd has been providing air service assistance to MBS for a number of years. Betty Owen, the previous airport manager, first hired Mike back in the 1990's. Mike is nationally recognized as an expert in commercial air service issues and has made numerous appearances on various media outlets. The Boyd Group also assisted MBS in 2005 by performing the Economic Impact Statement for the airport.

Mike spoke at the Michigan Aeronautics/Michigan Association of Airport Executives conference yesterday, Wednesday, February 19th.

Mike spoke to the MBS Commission discussing his viewpoints on air service issues facing MBS and the country in general. The presentation provided some excellent information for the commission and in particular the newer commissioners. A question and answer period followed the presentation. Mr. Herek made a motion to receive the information presented. Mr. Adams seconded and the motion passed unanimously.

GREAT LAKES LOONS PACKAGE: Mr. Nagel stated that MBS has been a partner of the Great Lakes Loons since the second year of the team's existence. Overall, this has been a good partnership. Similar to the MBS partnership with the Saginaw Spirit, the Loons package provides MBS exposure at the Loons games as well as a sense of community partnership, which is important. The three-year agreement has expired and MBS has met with representatives from the Loons to discuss our ongoing relationship.

The Loons have offered a sponsorship package similar to the previous one in which MBS receives the following elements:

- Exclusive sponsor of the MBS Ball Launch

This event takes place after each game that includes post-game fireworks. This includes 13-14 games per year. Contestants purchase tennis balls to throw on the field at the MBS target and one random winner is drawn who receives a \$400 travel voucher from Passageways Travel for travel from MBS. This event has become very popular and always proves exciting. The Ball Launch includes PA and video board in-game announcements, a 30-second video prior to the event and MBS displays at the tables where the tennis balls are purchased.

- Exclusive sponsor of the Stolen Base

Each time the Loons steal a base, MBS is acknowledged as the Stolen Base sponsor by PA announcement, video board and also on the radio broadcasts.

- Radio sponsorship

MBS receives one 30-second radio ad during each Loons broadcast as well as live announcer "drop-ins" during the broadcast (140 total).

MBS also receives one 30-second radio spot on all Major League Baseball games broadcast on 100.9 as well as the play-offs and World Series.

The Loons have proposed a three-year agreement at an annual rate of \$16,000 for years #1 and #2 and \$16,500 for year #3. The \$16,000 is equal to what MBS paid in year #3 of the previous package.

The 2014 marketing/PR budget did account for a renewal of the Loons sponsorship.

The Marketing Committee met on February 5, 2014 and discussed this proposal. The committee supports the continued MBS-Loons partnership and the committee made a recommendation to bring this to the full commission for approval. Mr. Coonan made a motion to approve a three-year partnership with the Great Lakes Loons as outlined above and authorize the Chairman, or in his absence the Vice Chairman, to sign the related documents. Ms. Tolliver seconded and the motion passed unanimously.

IN-AIRPORT ADVERTISING: Mr. Nagel stated that when the new terminal opened in late 2012 the rates were set for the in-airport advertising display cases at \$300 per month. This was an increase from the \$160 per month in the old terminal. However, those rates had not been increased in a number of years and there are far fewer display cases in the new building compared to the old. All eight of the new terminal display cases sold quickly and all of the agreements expire at the end of February, 2014. There has been one advertiser (Mid-Michigan Hospital) that stated its intention not to renew the contract, however, there are some advertisers on a waiting list.

It would be more beneficial to enter into three year agreements with the in-airport advertisers and several have stated their desire to develop a long-term agreement and not go from year-to-year. The rates should also be adjusted each year to make sure they don't fall several years behind like they did in the old terminal.

The Marketing Committee met on February 5, 2014 and discussed this item. The airport manager proposed a three-year agreement and a 5% increase in the rental rate per year. The committee discussed this and voted to make that recommendation to the full airport commission. Mr. Herek made a motion to approve three-year agreements for in-airport advertising display cases and also implement a 5% per year cost increase. Ms. Whittington seconded and the motion passed unanimously.

OLD BUSINESS: Mr. Nagel stated that the 2014 project will be a master plan for MBS. Last week Mr. Nagel and Mr. Riesinger along with RS&H went to the FAA office in Detroit. The meeting went well. The scope and cost are still being refined. They will be going back to the FAA in the near future. The goal is to have the contract to the Board either in March or April so it can go to the May Aeronautics Meeting in Lansing. Mr. Nagel explained the process for the new commissioners. The FAA representative stated at the MAAE conference that the grants might start to flow in a month or two which would be early. The FAA also plans to fund the whole fiscal year versus as in the past couple of years in pieces.

NEW BUSINESS:

ARFF Training Grant: Mr. Nagel stated that Mr. Riesinger is on an Airport Operations Committee and they reported at the MAAE meeting that Michigan Aeronautics is issuing \$2,000 grants for fire training again this year. Mr. Nagel is hoping to bring the resolution for that grant at the March Commission Meeting.

2013-2014 Snow Season Report: Mr. Riesinger stated that the snow season has proven to be a challenging one, with approximately 52 inches of snow, numerous ice events, extremely cold weather, and persistently strong winds causing blowing and drifting snow.

The snow team has performed very well given these conditions and has consistently been able to keep the airport open and safe for operations. As challenging as it has been, it is important to note that many airports in Michigan are now pushing over 100 inches of snow, with some as high as 200 inches.

MBS has used 300 tons of sand, 60 tons of salt, and 4,000 gallons of potassium acetate. Salt can only be used on the public roadways, not on runways, taxiways, or aprons, as it is too corrosive for aircraft. The liquid potassium acetate is used on runways, taxiways, and aprons as it is approved by the FAA for deicing and anti-icing purposes. Managing the overtime hours for maintenance personnel has also been a challenge as much of the winter weather has occurred on weekends and holidays.

Unfortunately the airlines have often proactively cancelled many flights due to the harsh conditions. Although not historically uncommon to proactively cancel flights, this year has been different in the airlines cancel well in advance of the storm and have had continuing cancellations even days after the storm for a variety of reasons such as ice, extreme cold, ground support equipment problems, and new FAA pilot restrictions on rest times and time outs.

Delta cancelled 38 flights and United cancelled 53 flights in January alone. These numbers are highly unusual. All airports in the region have been impacted by these types of cancellations, so MBS is not being singled out. Staff has been in contact with the airlines on these operational numbers, but it is difficult to make improvements when the problem is system wide and primarily due to weather.

Chairman Krygier asked how the equipment is holding up. Mr. Riesinger stated that there have been a few outages. With Brad Becker becoming the Maintenance Supervisor and a mechanic taking on a maintenance position, the remaining mechanic was very busy. Staff has now hired another mechanic who will start on Monday.

Mr. Coonan asked about the budget in regards to these additional costs. Ultimately, the expenses will be up and the revenue will be down. Mr. Nagel stated that this is why negotiations are taking place with the airlines to have a more cost recovery method of setting rates and charges as opposed to randomly raising rates, 1, 2 or 3%. The days of subsidizing are coming to an end. One of the methods would be that the airlines pay landing fees based on scheduled landings. That is not currently in the agreements. It is a trend in the industry because of things like this. Mr. Nagel stated that it is very frustrating that the runways must be clear for the airlines to come in however they can cancel three days of flights.

ADMINISTRATIVE MATTERS: Next regular meeting is scheduled for March 20, 2014 at 1:30 p.m.

ADJOURNMENT: There being no further business, Mr. Coonan made a motion to adjourn. Ms. Whittington seconded and the Board unanimously passed the motion. The meeting adjourned at 2:21 p.m.

Greg Branch, Secretary